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CHINA TRUSTFUL GROUP LIMITED
中國之信集團有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 8265)

PLACING OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE

PLACING AGENT



PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 19 June 2019 (after trading hours), a non-exclusive Placing Agent (the “Placing Agent”) and the Company entered into a non-exclusive Placing Agreement pursuant to which the Placing Agent has conditionally agreed to procure, on a best efforts basis, Places to subscribe in one or more tranches for the Convertible Bonds in an aggregate principal amount of up to HK\$252,000,000 at the Conversion Price of HK\$0.70 (the “Placing Agreement”).

Assuming the Convertible Bonds are fully placed, upon full conversion of the Convertible Bonds at the Conversion Price without adjustment, a maximum of 360,000,000 Conversion Shares will be issued. Assuming the Convertible Bonds are fully placed by the Placing Agent and based on the estimated expenses of the Placing, the gross and net proceeds from the Placing are estimated to be HK\$252,000,000 and approximately HK\$243,180,000 respectively, and assuming the conversion rights attaching to the Convertible Bonds are fully exercised, the net price is approximately HK\$0.6755 per Conversion Share.

Completion of a tranche of Placing under the Placing Agreement is conditional upon:

- (a) approval having been granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares in respect of the relevant Placing and not being revoked;
- (b) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
- (c) the obligations of the Placing Agent and the obligations of the Company under the Placing Agreement not being terminated in accordance with the terms thereof, including provisions regarding the force majeure event; and
- (d) no representation, warranty or undertaking under the Placing Agreement having been breached by the Company or failure to perform by the Company of the obligations thereunder or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to completion of the Placing Agreement.

Subject to the satisfaction of the conditions set forth above, the Company shall apply 100% of the net proceeds of the Placing towards the investment of hydrogen/petrol energy related projects in China.

GENERAL MANDATE

Upon exercise in full of the conversion rights attaching to the Convertible Bonds, Conversion Shares shall be allotted and issued under the General Mandate. The General Mandate entitles the Directors to allot, issue and deal with Shares not exceeding 20% of the issued capital of the Company as at the date of the annual general meeting of the Company held on 8 May 2018 approving the General Mandate. Accordingly, the Placing and the issue and allotment of the Conversion Shares are not subject to additional Shareholders' approval.

Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

The Placing Agreement

Date: 19 June 2019 (after trading hours)

Issuer: The Company

Placing Agent: SBI China Capital Financial Services Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Placing Agreement, the Placing Agent has conditionally agreed to procure, on a best efforts basis, Places to subscribe in one or more tranches for the Convertible Bonds in an aggregate principal amount of up to HK\$252,000,000 at the Conversion Price of HK\$0.70 due on the first anniversary of the date of issue.

Conditions precedent

Completion of a tranche of Placing under the Placing Agreement is conditional upon:

- (a) approval having been granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares in respect of the relevant Placing and not being revoked;
- (b) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
- (c) the obligations of the Placing Agent and the obligations of the Company under the Placing Agreement not being terminated in accordance with the terms thereof, including provisions regarding the force majeure event; and
- (d) no representation, warranty or undertaking under the Placing Agreement having been breached by the Company or failure to perform by the Company of the obligations thereunder or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to completion of the Placing Agreement.

If any of the conditions specified above has not been satisfied by the Long Stop Date (or such later date as the Company and the Placing Agent may agree in writing) or any of the force majeure events set out in the Placing Agreement shall have occurred, subject to all out-of-pocket expenses of the Placing Agent, all obligations of the Placing Agent and the Company shall cease and none of the parties shall have any claim against the other save for any antecedent breach of any obligations under the Placing Agreement and without prejudice to the accrued rights and liabilities of the parties.

Placee(s)

The Placing Agent and its sub-placing agent (if applicable) shall use their reasonable endeavours to ensure that all Placees and its ultimate beneficial owners shall be Independent Third Parties and not Connected Persons.

Placing commission

The Company shall pay to the Placing Agent a placing commission equal to 3.5% of the principal amount of the Convertible Bonds successfully placed by the Placing Agent. Such placing commission was determined at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market rate.

Placing period

The period commencing on the date immediately following the date of the Placing Agreement and terminating at 5:00 p.m. on the 90th day after the date of the Placing Agreement (or such other period as agreed by the Placing Agent and the Company).

Completion of the Placing

Completion of the Placing may take place in tranches and in respect of each tranche shall take place within three Business Days after the serving of a Notice of Completion by the Placing Agent to the Company in connection with the Convertible Bonds subscribed by the Placees.

Principal terms of the Convertible Bonds

The following summarises certain of the principal terms of the Convertible Bonds:

Principal amount:	Up to HK\$252,000,000
Maturity date:	the date of the first anniversary of the date of issue of the Convertible Bonds
Interest rate:	the Convertible Bonds bear coupon interest at the rate of no more than 12 per cent per annum from and including the issue date payable on maturity date of the Convertible Bonds

Conversion period: after six months from the issue of the Convertible Bonds and one week before the maturity of the Convertible Bonds

Conversion price: the Conversion Price of HK\$0.70 per Conversion Share subject to adjustments represents:

- (a) a premium of approximately 16.67% to the closing price of HK\$0.60 per Share as quoted on Stock Exchange on the date of this announcement;
- (b) a premium of approximately 12.90% to the average closing price of approximately HK\$0.62 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the date of this announcement; and
- (c) a premium of approximately 9.38% to the average closing price of approximately HK\$0.64 per Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the date of this announcement.

The Conversion Price and the other terms of the Convertible Bonds were determined after arm's length negotiations between the Company and the Placing Agent with reference to the market price and the trading volume of the Shares, internal rate of return of the Convertible Bonds and the prevailing marketing conditions.

Conversion Shares: Assuming the Convertible Bonds are fully placed, a maximum of 360,000,000 Conversion Shares will be issued, representing approximately 13.46% of the existing issued share capital of the Company as at the date of this announcement and approximately 11.86% of the Company's then issued share capital as enlarged by the issue of the Conversion Shares.

Conversion rights: Subject to the terms and conditions of the Convertible Bonds, the Bondholder(s) shall be entitled to convert, in whole or in part, the Convertible Bonds into Conversion Shares at any time during the Conversion Period. Any conversion shall be made in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion unless the amount of the outstanding Convertible Bonds is less than HK\$1,000,000 in which case the whole (but not part only) of that amount shall be convertible.

- Redemption at maturity: Unless previously purchased or converted for the Conversion Shares, the Company shall on the Maturity Date redeem the outstanding principal amount of the Convertible Bonds plus any accrued and unpaid interest.
- Transfer restrictions: The Bondholder may freely transfer the Convertible Bonds to the transferee other than to Connected Person(s) subject to compliance with any applicable requirements of the Stock Exchange, the Listing Rules, applicable laws and regulations, and with the prior written consent of the Company. Any assignment or transfer of the Convertible Bonds shall be in respect of the whole or any part (in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds and the Company shall facilitate any such assignment or transfer of the Convertible Bonds.
- Adjustments to the Conversion Price: The Conversion Price shall from time to time be adjusted upon the occurrence of the following:
- (a) consolidation or subdivision of the Shares;
 - (b) capitalisation of profits or reserves (other than in lieu of a cash dividend);
 - (c) capital distribution to the Shareholders or grant to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;
 - (d) offer new Shares to the Shareholders for subscription by way of rights, or grant to the Shareholders any options or warrants to subscribe for new Shares by way of rights at a price which is less than 80% of the Market Price as at the date of the announcement of the terms of the offer or grant;
 - (e) issue (otherwise than in (d) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than (d) above) options, warrants or other rights to subscribe for or purchase Shares, in each case at less than 80% of the Market Price on the date of such issue or grant;

- (f) issue wholly for cash of any securities which are convertible into, exchangeable for or carry rights of subscription for new Shares at an effective price initially receivable which is less than 80% of the Market Price at the date of the announcement of the terms of issue of such securities; and
- (g) the rights of conversion or exchange or subscription attached to any such securities as are mentioned in (d) to (f) are modified so that the effective price initially receivable which is less than 80% of the market price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription.

Events of default:

If any of the events specified below occurs, the Company shall on demand of a Bondholder forthwith redeem the Convertible Bonds in full in cash or the Bondholder may convert the Convertible Bonds into Conversion Shares:

- (a) the Company fails to pay the principal on the Convertible Bonds when due on the Maturity Date;
- (b) the Company defaults in performance or observance or compliance with any of its other obligations set out in the Placing Agreement which default is incapable of remedy or, if capable of remedy, is not in the reasonable opinion of the Bondholder remedied within 14 days after notice of such default shall have been given to the Company by the holder of the Convertible Bonds;
- (c) any present or future indebtedness of the Company for or in respect of any bonds, debentures, notes or similar instruments of indebtedness or any other monies borrowed or raised becomes due and payable prior to its stated maturity otherwise than at the option of the Company, or is not paid when due or as the case may be, within any applicable grace period and the amount of such indebtedness exceeds the equivalent of HK\$10,000,000;
- (d) a security holder takes possession or a receiver, manager or other similar officer is appointed of the whole or any material part of the undertaking, property, assets or revenues of the Company;

- (e) the Company becomes insolvent or the Company shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, composition or insolvency law or scheme of arrangement while insolvent and such proceedings shall not have been discharged or stayed within a period of 30 days;
- (f) an order of court is made or an effective resolution of shareholders is passed for the winding up of the Company or the Company ceases or threatens to cease carrying on all or substantially all or a material part of its business or operations;
- (g) a moratorium is agreed or declared in respect of any indebtedness of the Company or any governmental authority or agency seizes, compulsorily purchases, expropriates or nationalizes all or a substantial part of the assets of the Company;
- (h) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any part of the property, assets or revenues of the Company and is not discharged or stayed within 45 days;
- (i) proceedings shall have been initiated (that is, issued and served) against the Company under any applicable bankruptcy, composition or insolvency law or scheme of arrangement while insolvent and such proceedings shall not have been discharged or stayed within a period of 60 days;
- (j) any warranty is or proves to have been incorrect or misleading in any material respect when made or deemed to be made, or there is a material breach by the Company of any warranty or obligation under the Placing Agreement;

- (k) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Convertible Bonds, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Convertible Bonds admissible in evidence in the courts of Hong Kong is not taken, fulfilled or done by the requisite time or, if in the opinion of the holder of the Convertible Bonds such situation is capable of remedy, within 30 days of the time when the Company becomes (or ought reasonably to have become) aware of the same; or
- (l) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Convertible Bonds.

Voting:

The Company at any time may, and upon a request in writing of one or more Bondholders holding not less than one-tenth of the Convertible Bonds for the time being outstanding shall, convene a meeting of the Bondholders. At any such meeting two or more persons holding Convertible Bonds and/or being proxies and being or representing in the aggregate the holders of not less than 10% of the Convertible Bonds for the time being outstanding shall form a quorum. At any meeting, on a show of hands every Bondholder who is present in person or (in the case of a corporation) by a duly authorised representative or attorney and every person who is present by an attorney shall have one vote; and on a poll every Bondholder who is present in person or by proxy or attorney as aforesaid shall have one vote in respect of each Convertible Bond held by him.

Application for listing:

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock or securities exchange. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Ranking:

The Conversion Shares shall rank *pari passu* with all other Shares in issue as at the date on which the conversion rights to be attached to the Convertible Bonds are exercised and be entitled to all dividends and other distributions the record date of which falls on a date on or after the such conversion date.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

	As at the date of this announcement		Upon completion of the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
King Full Inc Limited <i>(note)</i>	811,950,000	30.35	811,950,000	26.75
Top Bliss Holdings Limited <i>(note)</i>	520,209,327	19.44	520,209,327	17.14
Smart Focus Inc Limited	486,715,358	18.19	486,715,358	16.03
Public Shareholders	856,550,000	32.02	856,550,000	28.22
Bondholder(s)	–	–	360,000,000	11.86
	<u>2,675,424,685</u>	<u>100.00</u>	<u>3,035,424,685</u>	<u>100.00</u>

Note: King Full Inc Limited is wholly and beneficially owned by Mr. Fei Jie, who is an executive Director.

Top Bliss Holding Limited is wholly and beneficially owned by Mr. Zhang Genjiang, who is an executive Director.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in research and development, manufacture and sale of rechargeable batteries, electric vehicles and provision of related services, as well as the retail and wholesale of luxury brand silverware, silver utensils and luxury goods in the PRC.

The Directors have considered various ways of raising funds in the capital markets and consider that the issue of the Convertible Bonds is an appropriate mean of raising additional capital for the Company since (i) they will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (ii) if the conversion rights are exercised, the shareholder base of the Company will be enlarged and the financial position, in particular, the liquidity of the Group will be improved for strengthening the existing and future business of the Group.

Assuming the Convertible Bonds are fully placed by the Placing Agent and based on the estimated expenses of the Placing, the gross and net proceeds from the Placing are estimated to be approximately HK\$252,000,000 and HK\$243,180,000, respectively. Therefore, assuming the Convertible Bonds are fully placed and the conversion rights of all the Convertible Bonds are exercised, the net price for the Placing is approximately HK\$0.6755 per Conversion Share.

Subject to the satisfaction of the conditions to the Placing described above, the Company intends to use the net proceeds of the Placing towards the investment of hydrogen/petrol energy related projects in China.

The Directors (including independent non-executive Directors) consider that the terms of the Placing Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

GENERAL MANDATE

The Placing and the issue and allotment of the Conversion Shares are not subject to additional Shareholders' approval as the Conversion Shares falling to be issued upon conversion of the Convertible Bonds will be issued under the General Mandate, which was granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 8 May 2018. Under the General Mandate, the Directors are authorized to allot and otherwise deal with new Shares (including the issue of any securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares) of up to 20% of the issued share capital of the Company as at the date of the aforesaid annual general meeting, which amounts to 430,241,865 new Shares. As at the date of this announcement, the General Mandate has not been utilised.

GENERAL

The Conversion Shares will be issued under the General Mandate. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the Conversion Shares. No application will be made by the Company to the Listing Committee for the listing of the Convertible Bonds.

Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Associate(s)”	has the same meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors of the Company;
“Bondholder(s)”	holders of the Convertible Bonds;
“Business Day(s)”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong;

“Company”	China Trustful Group Limited (stock code: 8265), a company incorporated in Bermuda with limited liability which shares are listed on GEM
“Completion”	completion of the Placing, which shall take place within three Business Days after the date on which the Placing Agent serves a written notice to the Company in connection with the Placee’s Convertible Bond subscription and after all conditions precedent in the Placing Agreement are fulfilled, or such other date as the Company and the Placing Agent may agree, and “Completion Date” means the date of such completion;
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Conversion Price”	the initial conversion price of HK\$0.70 per Conversion Share, subject to adjustments;
“Conversion Shares”	the Shares to be issued by the Company upon exercise by the Bondholder(s) of the conversion rights attached to the Convertible Bonds;
“Convertible Bonds”	the convertible bonds due on the Maturity Date in an aggregate principal amount of up to HK\$252,000,000 to be issued by the Company pursuant to the Placing Agreement and to be created by the Instrument constituting such bonds, or any part of the principal amount;
“Director(s)”	director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 8 May 2018 to allot, issue and deal with up to 430,241,865 Shares, representing 20% of the aggregate nominal value of the share capital of the Company in issue on the date of passing such resolution;
“Group”	the Company and its subsidiaries from time to time;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Independent Third Party(ies)”	third party(ies) independent of, and not connected with or acting in concert with the directors, chief executives or substantial shareholders of the Company, any of its subsidiaries or their respective associates;
“Instrument”	the instrument constituting the Convertible Bonds in the agreed form as set out in the Placing Agreement;
“Listing Committee”	has the meaning ascribed to it in the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Long Stop Date”	90 days from the date of the Placing Agreement, or such other date as may be agreed between the Company and the Placing Agent;
“Market Price”	the average of the closing prices of the Shares for the last five consecutive trading days ending on the trading day immediately preceding the relevant date;
“Maturity Date”	the first anniversary of the date of issue of the Convertible Bonds;
“Notice of Completion”	the written notice to be given by the Placing Agent to the Company during the Placing Period stating its intention to close a tranche of Placing;
“Placee(s)”	any investor who is either a professional or institutional investor or other investors selected and procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) independent of the Company (and its Subsidiaries), its Connected Person(s) and their respective Associate(s), and (ii) independent of and not parties Acting in Concert with any persons, other Placee(s) or Shareholders of the Company to the effect that any Placing to such investor shall not trigger any mandatory offer obligation under the Takeovers Code, procured by the Placing Agent to subscribe for any of the Convertible Bonds (as the case may be) pursuant to the Placing Agent’s obligations hereunder;

“Placing”	the placing of the Convertible Bonds in accordance with the terms and conditions set out in the Placing Agreement;
“Placing Agent”	SBI China Capital Financial Services Limited, a licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional non-exclusive placing agreement dated 19 June 2019 and entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Period”	the period commencing from the date immediately following the date of the Placing Agreement and expiring at 5:00 p.m. on the 90th day after the date of the Placing Agreement (or such other date as the Company and the Placing Agent may agree);
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shareholder(s)”	holder(s) of the Shares;
“Shares”	the ordinary shares of nominal value HK\$0.02 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers in Hong Kong; and
“%”	per cent.

By order of the Board
China Trustful Group Limited
Fei Jie
Chairman and Executive Director

Hong Kong, 19 June 2019

As at the date of this announcement, the executive Directors are Mr. Fei Jie (Chairman), Mr. Zhang Genjiang and Mr. Fung Chi Kin and the independent non-executive Directors are Mr. Jim Yiu Ming, Mr. Sit Sai Hung, Billy and Mr. Shen Ruolei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of the GEM of The Stock Exchange of Hong Kong Limited at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the website of the Company at www.china-trustful.com.